

SENATE BILL 1191  
By Ramsey

AN ACT to amend Tennessee Code Annotated, Title 6, Chapter 1, Part 2; Title 6, Chapter 18, Part 1 and Title 6, Chapter 30, Part 1, relative to the distribution of situs-based tax collections after new municipal incorporations and the timing of elections to incorporate new municipalities.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 6, Chapter 1, Part 2, is amended by adding the following as a new section:

(\_\_.) (a) Notwithstanding any provisions of law to the contrary, whenever a new municipality incorporates under any form of charter, the county or counties in which the new municipality is located shall continue to receive the revenue from all state and local taxes distributed on the basis of situs of collection, generated within the newly incorporated area, until July 1 following the incorporation, unless the incorporation takes effect on July 1.

(b) If the incorporation takes effect on July 1, then the municipality shall begin receiving revenue from such taxes generated within its corporate boundaries for the period beginning July 1.

(c) Whenever a municipality incorporates, the municipality shall notify the department of revenue of such incorporation prior to the incorporation becoming effective for the purpose of tax administration.

(d) Such taxes shall include the local sales tax authorized in § 67-6-103, the income tax on dividends authorized in § 67-2-102, and all other such taxes distributed to counties and municipalities based on the situs of their collection.

SECTION 2. Tennessee Code Annotated, Title 6, Chapter 18, Part 1, is amended by adding the following as a new section:

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(\_\_\_.) (a) Notwithstanding any provisions of law to the contrary, whenever a new municipality incorporates under any form of charter, the county or counties in which the new municipality is located shall continue to receive the revenue from all state and local taxes distributed on the basis of situs of collection, generated within the newly incorporated area, until July 1 following the incorporation, unless the incorporation takes effect on July 1.

(b) If the incorporation takes effect on July 1, then the municipality shall begin receiving revenue from such taxes generated within its corporate boundaries for the period beginning July 1.

(c) Whenever a municipality incorporates, the municipality shall notify the department of revenue of such incorporation prior to the incorporation becoming effective for the purpose of tax administration.

(d) Such taxes shall include the local sales tax authorized in § 67-6-103, the income tax on dividends authorized in § 67-2-102, and all other such taxes distributed to counties and municipalities based on the situs of their collection.

SECTION 3. Tennessee Code Annotated, Title 6, Chapter 30, Part 1, is amended by adding the following as a new section:

(\_\_\_.) (a) Notwithstanding any provisions of law to the contrary, whenever a new municipality incorporates under any form of charter, the county or counties in which the new municipality is located shall continue to receive the revenue from all state and local taxes distributed on the basis of situs of collection, generated within the newly incorporated area, until July 1 following the incorporation, unless the incorporation takes effect on July 1.

(b) If the incorporation takes effect on July 1, then the municipality shall begin receiving revenue from such taxes generated within its corporate boundaries for the period beginning July 1.

(c) Whenever a municipality incorporates, the municipality shall notify the department of revenue of such incorporation prior to the incorporation becoming effective for the purpose of tax administration.

(d) Such taxes shall include the local sales tax authorized in § 67-6-103, the income tax on dividends authorized in § 67-2-102, and all other such taxes distributed to counties and municipalities based on the situs of their collection.

SECTION 4. Tennessee Code Annotated, Section 6-1-202, is amended by deleting subsection (a) and replacing it with the following language:

(a) The county election commission shall hold an election for the purpose of determining whether or not this charter shall become effective for any municipality or newly incorporating territory upon the petition in writing of thirty-three and one-third percent (33 1/3%) of the registered voters of the municipality or territory. Petitioners shall attach a list of the names of all persons who at the time of making the list would be qualified voters in the proposed territory. The petition shall state in a sufficient manner the boundaries of the proposed municipal corporation, which may be done by a general reference to the boundaries then existing if there is one. Upon receipt of the petition the county election commission shall examine the petition to determine the validity of the signatures in accordance with § 2-1-107. The county election commission shall have a period of twenty (20) days to certify whether or not the petition has the sufficient number of signatures of registered voters. If the petition is sufficient to call for an election on the issue of incorporation, the county election commission shall hold an election, providing options to vote "FOR" or "AGAINST" the incorporation of the new charter, not less than forty-five (45) days nor more than sixty (60) days after the petition is certified. The date of the election shall be set in accordance with § 2-3-204. The county election commission shall, in addition to all other notices required by law, publish one (1) notice of the election in a newspaper of general circulation within the territory of the municipality or of the proposed municipality and post the notice in at least three (3) places in the territory.

SECTION 5. Tennessee Code Annotated, Section 6-18-104, is amended by deleting subsection (a) and replacing it with the following language:

(a) The county election commission shall hold an election for the purpose of determining whether or not chapters 18-22 of this title shall become effective for any city upon the petition in writing of thirty-three and one-third percent (33%) of the registered voters of the city or territory. Petitioners shall attach a list of the names of all persons who at the time of making the list would be qualified voters in the proposed territory. The petition shall state in a sufficient manner the boundaries of the proposed municipal corporation, which may be done by a general reference to the boundaries then existing if there is one. Upon receipt of the petition the county election commission shall examine the petition to determine the validity of the signatures in accordance with § 2-1-107. The county election commission shall have a period of twenty (20) days to certify whether or not the petition has the sufficient number of signatures of registered voters. If the petition is sufficient to call for an election on the issue of incorporation, the county

election commission shall hold an election, providing options to vote “FOR” or “AGAINST” the incorporation of the new charter, not less than forty-five (45) days nor more than sixty (60) days after the petition is certified. The date of the election shall be set in accordance with § 2-3-204. The county election commission shall, in addition to all other notices required by law, publish one (1) notice of the election in a newspaper of general circulation within the territory of the city or of the proposed city and post the notice in at least ten (10) places in the territory.

SECTION 6. Tennessee Code Annotated, Section 6-30-106, is amended by deleting subsection (a) and replacing it with the following language:

(a) The county election commission shall hold an election for the purpose of determining whether or not chapters 30-36 of this title shall become effective for any city upon the petition in writing of twenty percent (20%) of the registered voters of the municipality or territory voting at the last general election. Petitioners shall attach a list of the names of all persons who at the time of making the list would be qualified voters in the proposed territory. The petition shall state therein the proposed corporate name and shall designate therein in a sufficient manner the boundaries of the proposed municipal corporation, which may be done by a general reference to the boundaries then existing if there is one, and the boundaries of the councilmanic districts or shall have attached thereto a map of the area to be incorporated on which the councilmanic districts are shown. Upon receipt of the petition the county election commission shall examine the petition to determine the validity of the signatures in accordance with § 2-1-107. The county election commission shall have a period of twenty (20) days to certify whether or not the petition has the sufficient number of signatures of registered voters. If the petition is sufficient to call for an election on the issue of incorporation, the county election commission shall hold an election, providing options to vote “FOR” or “AGAINST” the incorporation of the new charter, not less than forty-five (45) days nor more than sixty (60) days after the petition is certified. The date of the election shall be set in accordance with § 2-3-204.

SECTION 7. This act shall take effect upon becoming a law, the public welfare requiring

it.